

Message Text

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SUBJECT: DROUGHT SITUATION IN PANAMA

1. PANAMA IS CURRENTLY EXPERIENCING A DROUGHT WHICH, IN BOTH EXTENT AND SEVERITY, EXCEEDS THE 1972 DROUGHT THAT SERIOUSLY DAMAGED GRAIN PRODUCTION AND CAUSED AN INCREASED SLAUGHTER OF LIVESTOCK AS CATTLEMEN ATTEMPTED TO EASE THE PRESSURE ON SERIOUSLY DENUDED PASTURES. AVAILABLE METEROLOGICAL INFORMATION HERE INDICATES THAT:

--DRAINAGE FROM THE GATUN-MADDEN LAKE WATERSHED IS DOWN 60 PERCENT FROM AVERAGE LEVELS, AND WATER INFLOW INTO THE LAKES DURING JULY IS AT AN

ALLTIME LOW. PANCANAL HAS REDUCED THE MEXIMUM DRAFT OF SHIPS TRANSITING THE CANAL FROM 37 TO 36 1/2 FEET BECAUSE OF LOW WATER LEVELS.

--AVERAGE FLOW OF THE 19 MAJOR RIVERS IN PANAMA WAS 40 PERCENT BELOW NORMAL IN MAY AND 55 PERCENT BELOW NORMAL IN JUNE, WITH THE SHARPEST DROPS REGISTERED IN COCLE PROVINCE.

--THE LEVEL OF THE BAYANO RESERVOIR WAS 42 METERS VICE A PROJECTED LEVEL OF 50 METERS AS OF JULY 20. THE GOP'S WORST-CASE PROJECTION WAS FOR A LEVEL OF 45 METERS.

--AREAS WITH SERIOUS RAINFALL DEFICIENCIES ARE MORE WIDESPREAD THAN IN 1972.

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--THE INTER-TROPICAL CONVERGENCE ZONE IS NOW IN ITS PROPER

LOCATION FOR THIS TIME OF YEAR AND SHOULD BEGIN TO GENERATE
NORMAL RAINFALL LEVELS.

2. LOCAL SOURCES INDICATE THAT THE DROUGHT WILL SERIOUSLY DAMAGE
THE EARLY RICE CROP IN THE CENTRAL PROVINCES OF COCLE AND VERAGUAS.
IN ADDITION TO LOSSES FROM LACK OF MOISTURE, THE DRY WEATHER HAS
MADE THE CROP INCREASINGLY VULNERABLE TO DISEASE AND INSECTS.
THE CHIRIQUI RICE GROWER'S ASSOCIATION, DURING A RECENT MEETING
WITH AGRICULTURE VICE-MINISTER GUSTAVO GONZALEZ, REQUESTED AN
INCREASE IN THE GOVERNMENT SUPPORT PRICE FOR RICE TO HELP DEFRAY
INCREASED PRODUCTION COSTS AND REDUCED YIELDS RESULTING FROM THE
DROUGHT. SOME OF THE LANDS ON WHICH THE RICE CROP IS A COMPLETE
LOSS ARE BEING REPLANTED IN CORN AND SORGHUM.

THE LIVESTOCK SITUATION HAS NOT BEEN SERIOUSLY AFFECTED AS YET,
ALTHOUGH DAIRY FARMERS ARE HAVING TO INCREASE THEIR SUPPLEMENTAL
FEEDING TO COMPENSATE FOR DETERIORATING RANGE CONDITIONS. BEEF
CATTLE ARE GAINING WEIGHT AT A SLOWER RATE, SO THE MARKET SITUATION
WILL BE TIGHTENED AND THE PROSPECTS FOR A BEEF SURPLUS IN THE FALL
MITIGATED SOMEWHAT BY THE REQUIREMENT FOR EXTENDED FATTENING
PERIODS. THE DAIRY INDUSTRY WILL ALSO ENCOUNTER INFLATIONARY
PRESSURES FROM INCREASED FEED COSTS DURING THE COMING DRY SEASON
IF GRAIN CROPS ARE SERIOUSLY DAMAGED BY THE DROUGHT.

3. THERE IS GENERAL AGREEMENT HERE THAT THE NEXT 2-3 WEEKS WILL BE
CRUCIAL FOR THE AGRICULTURE SECTOR. SIGNIFICANT RAINS DURING THE
PERIOD WOULD STABILIZE CROP PROSPECTS AT A LEVEL SOMEWHAT BELOW
LAST YEAR'S RECORD OUTPUT, WHILE CONTINUED LACK OF RAINFALL WOULD
CAUSE EXTENSIVE DAMAGE TO NON-IRRIGATED CROP AND PASTURE LANDS, AND
JEOPARDIZE THE 1976-77 SUGAR CROP IN THE CENTRAL PROVINCES. THE
MINISTRY OF AGRICULTURE IS MONITORING THE SITUATION CLOSELY, AND
THE AGRICULTURAL CENSUS SECTION OF THE CONTRALORIA IS CONDUCTING A
SURVEY TO PREPARE REVISED CROP ESTIMATES FOR 1976-77. THE RESULTS
OF THIS SURVEY WILL BE AVAILABLE DURING THE LATTER PART OF AUGUST,
AT WHICH TIME A MORE RELIABLE ESTIMATE OF THE IMPLICATIONS OF
THE DROUGHT FOR PANAMA'S CURRENT ECONOMIC SITUATION WILL BE
AVAILABLE.

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